



September 2026 | OEI-03-26-00080

Medicare Part B Drug Payments: Impact of Price Substitutions Based on 2024 Average Sales Prices

Why OIG Did This Review

- Medicare Part B annually spends billions of dollars to cover a limited number of outpatient prescription drugs. To safeguard Medicare and its enrollees from excessive payment amounts, Congress established a mechanism for monitoring market prices whereby OIG identifies and refers to CMS Part B drugs with prices that exceed a specific threshold every quarter. [CMS](#) then applies its price-substitution policy to lower payment amounts for these drugs.
- This data brief is one in a series of annual reports that quantifies the savings to Medicare and its enrollees that result from CMS applying its price-substitution policy to drugs identified and referred by OIG.

What OIG Found



CMS's application of its price-substitution policy to drugs identified and referred by OIG has saved Medicare and its enrollees \$78 million since 2013, including \$1.6 million for 2024.

Since CMS instituted its price-substitution policy in 2013, CMS has implemented price substitutions for 101 drugs that OIG identified and referred to CMS. Price substitutions for 14 drugs based on 2024 data saved Medicare and its enrollees \$1.6 million over 1 year.



Potential errors in the average manufacturer price (AMP) data submitted to CMS prevented OIG from determining whether 31 drugs qualified for a price substitution.

When OIG identifies potential errors during its quarterly analysis of the average sales price (ASP) and AMP data, it notifies CMS and requests that CMS review the accuracy of the manufacturers' data. If the drug data were correct, OIG could determine whether to recommend additional drugs for price substitutions, which would further reduce costs to Medicare and its enrollees.

What OIG Concludes

Since 2013, CMS has lowered prescription drug costs by \$78 million by applying its price-substitution policy to 101 drugs identified and referred by OIG while maintaining access to lifesaving drugs for Medicare and its enrollees. We encourage CMS to continue to work with manufacturers to review and respond to potential errors in the drug data identified by OIG each quarter to bolster the effectiveness of the price-substitution policy. These potential errors could limit the effectiveness of the price-substitution policy by reducing the number of drugs eligible for a price substitution because of concerns about the accuracy of the underlying data. This data brief contains no recommendations.